

Testimony of Sam Theodus

(Before the House Committee on Education and the Workforce --
Subcommittee investigating the finances of the
International Brotherhood of Teamsters)

My name is C. Sam Theodus. I have been a member of Truck Drivers Union Local 407, Cleveland, Ohio, for a period in excess of 45 years.

My history in the Teamsters has brought me here today. To summarize, after many years of efforts on behalf of reform in the Union, I ran against Jackie Presser for the Office of International President during the 1986 Convention. Later, I joined the Ron Carey Slate, at his request, as a candidate for International Vice President at-large in the 1991 election for International officers. Our promises of reform, including fiscal responsibility, were then swept away by the Carey Administration through high-handed tactics and abuses of power. This forced my separation from the Carey regime. For many reasons, a number of which are set forth below, our pledge to the membership during the 1991 campaign was thereafter violated in every way, reducing the once most powerful Union on earth to an organization on the verge of bankruptcy and totally divided in its efforts.

My Background

I have been married to Lillian for 45 years. We have 9 children, 15 grandchildren and 1 great grandchild.

I joined the Marines at the age of 17 and saw combat duty during the Korean Conflict. I guess I was always meant to be a Teamster since I served as a truck driver in Korea delivering ammunition to the front lines of war zones.

Following my 4-year stint (1948-52) in the Marines, I returned to Cleveland and worked as a dockman for 10 years, followed by another 10 years as a truck driver. I have served at all levels of representation in Local 407: Union steward for 6 years, elected Business Representative for 6 years, Secretary-Treasurer for 3 years, and President of the Local Union for 12 years.

I believe it is fair to state that my efforts on behalf of reform in the Teamsters date back to the 1970's, and that I have long been an advocate of the right of the rank-and-file members to directly elect all of their officials at all levels of the union structure.

Preliminary Statement

At the outset of this testimony, I want to make it clear that despite the events of the past 6 years, I continue to believe in this great Union. However, I must admit that I fear for the future of this Union and am totally disillusioned, disappointed, disgusted and dismayed with the events of the past 6 years that have brought this Union to the brink of destruction.

Today, our Union is virtually bankrupt and totally divided. A fairly stated history of this Union for the past 6 years and any complete and objective investigation will show clearly that the sad state of affairs presently existing can be traced to one basic problem -- the instruments of reform were, unfortunately, placed in the hands of the wrong people.

It is often said in our business that hindsight is 20/20. However, a number of things that I will say today are not the product of second guessing and looking back on my part. The record

of this matter will show that these concerns and objections to the actions of the Carey administration were voiced widely within the Union itself and publicly as the events transpired.

The 1986 Convention

It was in 1986 that I believe I first gained a reputation throughout the Teamsters nationally as a supporter of reform when I ran against the incumbent, Jackie Presser, a fellow Clevelander, for the office of International President. Of course, it was a largely symbolic effort. But, my purpose was to show that it could be done and to bring attention to a number of issues. I sincerely hope that my efforts in 1986 gave some impetus to the reform movement within the Teamsters which would grow dramatically in the years to follow. Certainly, running against Presser was not without its risks and potential dangers. But, any dwelling upon those matters at this time would not be productive.

Failure of the Carey Administration

Along with other supposedly reform-minded Teamsters, I was swept into office in 1991 as International Vice-President at Large on Ron Carey's reform slate. I had worked very hard for Ron Carey during that campaign and honestly believed that our election was the dawning of a new day for the Teamsters and that better times lay ahead.

I had high hopes that with the help of the Court under Judge Edelstein, the IRB under Judge Lacey and because of the members' right to elect their officials, we would be able to clean out those individuals that were tied to organized crime and restore the

Teamster Union members' pride. However, after eight (8) years of government supervision, we find that what looked like a solution to the many problems of the troubled Teamsters' past, turned out to be a vehicle that brought about a new era of corruption and greed, allowing the Carey Administration to conduct a reign of terror, by malicious prosecution of its detractors, while they, themselves, engaged in various acts of corruption.

When the Carey administration took office in February, 1992, it promised to be fiscally responsible and to conduct an open administration that would allow members to participate in Union affairs and keep them fully informed about the Union's actions and policies. We were to discover, sadly, that virtually the exact opposite occurred.

When one emerges from the rubble of this administration to find the Union virtually broke and divided, it is extremely difficult to comprehend how we got to this point from the hope and promise of 1991. In order to even begin to understand this, one must recognize what the personality of the Carey administration became. It became an administration that was singularly and compulsively obsessed with the perpetuation of its own power. Internal union politics played a part in virtually every decision made by the majority of the General Executive Board. It became an administration that abused all of the powers of the General President and the General Executive Board, in the areas of the Union charge/disciplinary procedures, the implementation of trusteeships, the merging of Local Unions, and the manipulation of Joint Council jurisdictions to punish its enemies and reward its supporters in virtually every opportunity that was presented.

Abuses of power ran rampant under the guise of "reform". The Administration engaged in systematic character assassination using the IBT Communications Department and malicious prosecution of its opponents within the Union using the IBT Legal Department. If one became a Carey supporter, they were anointed with the title of "new/reform" Teamsters, regardless of their past history. Opponents of the Administration, regardless of their past history, were vilified as "old guard" Teamsters, which equated in the public relations barrage of the International to being "corrupt" or soft on corruption. The frequent, cynical use of "mob" references became an essential part of the Carey rhetoric. It became an Administration totally devoted to the centralization of power at the International in Washington to the sacrifice of Local Union autonomy and, consequently, the rights of Local Union members. It was an Administration that was in no way interested from the outset in uniting the Union. It became an Administration that was subverted by the arrogance of power and became an Administration that truly believed it was above the rules. At its core, this Administration was rotted by hypocrisy.

Having said all of this, I cannot help but be reminded and yet puzzled by how all of these transgressions occurred on the "watch" of the Justice Department and the Consent Decree appointees.

Consider the fact that the FBI and Justice Department were aware of many signals of possible corruption by Ron Carey before he took office in 1992. Why did they ignore the smoke surrounding Carey until the fire broke out after the 1996 election? Were they so busy helping and supporting Carey's every move, including the unbridled spending of approximately \$800 million of members' dues

and the continued malicious prosecution of his enemies, that they missed the real problem? It would lead one to conclude that the Government has yet to prove it is equipped to run or guide a labor union.

Refusal to Address the Union's Financial Problems

The first indications of serious trouble came with the persistence of the International in refusing to call a Special Convention of the Elected Delegates to deal with the Union's deteriorating financial condition, while the International was, at the same time, recklessly spending money.

At the beginning of 1992, when Carey took over the Union, the Union had \$154 million in reserves. As of June 30, 1994, the Union's net worth had dropped to \$7.3 million. The International Union ran deficits of \$57 million in 1992; \$51 million in 1993 and another \$51 million during the first 6 months of 1994. I understand that currently the Union's reserves have dropped to \$700,000.00.

Commencing in July, 1992, the General Secretary-Treasurer of the Union, in a series of letters, expressed his growing concerns with regard to the deterioration of the Union's finances, and soon thereafter, the situation started being referred to as "critical". During 1992 and 1993, Carey openly recognized that the problem would have to be addressed by a Special Convention of the International.

However, in light of all of this, Carey and his crew still did not call a Special Convention and rejected various requests throughout the Union that a Convention be called. Nor, throughout

this period of time, did the International Union implement any of the other cost-cutting measures recommended by the International Trustees (elected to oversee the fiscal condition of the Union) and others. For example, the International Union did not effectively limit, freeze or reduce staff; did not cease paying the employees' portion of FICA; did not cease paying for expensive apartments in Washington for officers and staff; did not cease paying the portion of the personal income taxes for certain officers and staff; and did not limit travel or impose more stringent controls on travel expenses, such as flying first class.

During this period (1993 and 1994), International Vice President Giacumbo and I called for a Special Convention on numerous occasions to address the financial condition of the International. These requests were met by vicious and, at times, profane responses from the majority members of the General Executive Board. One occasion stands out. During the July, 1994 General Executive Board meeting, during a heated debate over the IBT's financial problems, the recommendation for a Special Convention to examine solutions was made again. This sent International Vice President Tom Gilmartin into a profane tirade during which he rose to his feet and shouted that anyone who calls for a Special Convention is "scum".

On another occasion, Carey ordered two (2) of the International Trustees out of the General Executive Board meeting and would not allow them to examine the Union's financial records for the first 3 months of 1994. The Trustees are the elected financial watchdogs of the Union. Despite that, Carey overruled my request and the request of Vice President Giacumbo to conduct a

roll call vote on whether the Trustees should stay or leave. Although the Trustees had attended General Executive Board meetings for decades, he claimed that we were out of order. Near pandemonium broke out in the meeting as Carey supporters, including International Vice Presidents Gilmartin and John Morris, began using foul and abusive language. This was a typical technique used to intimidate those of us who challenged Carey rulings. None of the Trustees were allowed back in the General Executive Board meetings for the remainder of their term of office which ended in early 1997.

It may seem incredible that, in the face of the deteriorating financial condition of the International, the supposed reformers would not be in favor of holding a Special Convention to permit the Delegates, elected by the membership, to address the problem. The obvious reason that this was not done was that Carey and his supporters were very simply afraid of holding a Convention. They were fearful that they could not control the Delegates in a Special Convention, which would demonstrate their lack of popular support, and that they would lose some of their power through amendments to the Constitution. This entire notion of keeping vital business away from the directly Elected Delegates was totally obnoxious to any concept of reform and democracy within the Union. Certainly, the entire notion of Elected Convention Delegates was one of the centerpieces of the reform movement.

The Carey Administration's antagonistic attitude toward the International Trustees had been ongoing for a period of time. In August, 1993, the three (3) International Trustees sent a letter to Carey warning that the International Union's financial situation

was becoming critical and urging Mr. Carey to call a Special Convention and recommending several measures to control the International Union's spending. In September of that year, Carey responded by calling the letter politically motivated and ignoring the recommendations.

The Failed Attempt to By-Pass the Elected Delegates

Instead of calling a Special Convention at which elected delegates from each Local Union and other affiliates could make, discuss, debate and vote upon various proposals to deal with the Union's financial problems, the Carey Administration decided to conduct a mail referendum calling for an amendment to the IBT Constitution that would increase dues by 25%. This highly controversial maneuver was announced in mid-January, 1994.

The action, taken without any notice to or input from any Local Union, Joint Council or Conference, and without explaining why a Special Convention had not been called, represented a typical Carey tactic. It had the appearance of presenting the issue for democratic action but, in reality, had the opposite purpose. It represented an insidious attempt to ramrod a dues increase on a take-it or leave-it basis without the necessary disclosure for the membership as to how the money had been spent and without the type of debate and exploration of alternatives that would have been provided in a Special Convention.

Instead of the customary, neutrally worded ballot bearing simple "Yes" and "No" choices, the International had printed ballots bearing the following choices: 1) "Yes, I approve the amendments to build a stronger union" and 2) "No, I do not approve

these amendments." A suit was filed by the Chairs of the Area Conferences to enjoin the use of the dishonest and slanted ballot. Further, the Conference Chairs opposed the mail referendum and the size of the increase, and it became apparent throughout the International Union that Carey's dues increase proposal was going to suffer an embarrassing defeat.

Prior to the action of the General Executive Board, it had been unanimously agreed and accepted within the International that the only way dues could be increased would be by an amendment of the Constitution through a Special Convention. Prior to this ill-fated attempt by Carey, no one had ever suggested that the dues structure set forth in the International Constitution could be changed without amending the Constitution.

The referendum was defeated by a margin of 3 to 1 with almost 40% of the eligible members voting.

The Abolishment of the Area Conferences

After the referendum vote count on the dues increase had commenced and it had become apparent that Carey's dues increase proposal was going to go down, Carey recommended abolishing the four (4) United States Area Conferences, thus eliminating the offices held by the four (4) Conference Chairman who had opposed his dues initiative. This action by Carey and his supporters on the General Executive Board, was so obviously political and retaliatory so as to defy explanation.

Although I had not historically been a great supporter of all of the facets and workings of the Area Conference structure, I

could not in any exercise of good conscience go along with this action.

The Conferences had provided valuable services to the Local Unions, including expertise and support through trade/craft divisions, coordination for bargaining in area collective bargaining agreements, assistance in organizing campaigns and many more. They also provided a balance of power throughout the International Union which had benefited the interests of the members.

Even though problems had been festering, this issue forced my first open and public split from the Carey-controlled General Executive Board.

In all, the action against the Conferences and their elimination was a complete fiasco for the Union. It was not at all productive, but only served to split and divide the Union.

I spoke openly against the abolishment of the Area Conferences within the International and publicly. In a meeting in Chicago, I described Carey's actions as "a power grab to take complete control" of the IBT. I further stated that "we are witnessing the destruction of the Teamsters Union as we know it". In a statement to the Cleveland Plain Dealer newspaper, I said "this move does nothing to bring Teamsters together, just further divides us. We spent 10 or 11 days on this like it was the most important thing that had to be done, and in the meantime the international union is going broke ... and (the financial crisis) hasn't been resolved."

I challenged Carey's claim that corrupt practices had flourished in the Conferences. Again, Carey had resorted to unsubstantiated smears of "corruption" for his own political

purposes. No testimony was given during the hearings on the abolishment of the Conferences to back up those allegations. I demanded during the hearings that any corruption charges be brought forward in testimony as to specifics and individuals. None were forthcoming from Carey.

The total abolishment of the Conferences was not necessary under any given scenario. In my view, Carey had the authority, under the Constitution, to undertake changes in the structure and operations of the Conferences, if warranted. Total abolition was an absolutely vindictive act designed to eliminate his most vocal and effective critics. You should know that functions still continue on an area basis. However, the former "Conferences" are now "Regions" and the Regions are under the direct control of the International.

The Emergency Assessment on the Locals

In April, 1994, the International Union was forced to borrow \$15 million to pay strike benefits for striking freight employees. That month, the International Union reported that its net assets had dropped below \$20 million. As a result, the International, in accord with Article X, Section 2 of the International Constitution, imposed a \$1 per month per member "Emergency Assessment" on each Local Union. Without any corresponding increase in membership dues, this increased each Local Union's monthly per capita to the International by more than 25% -- money that was taken away from providing services to the rank-and-file.

Then, effective June 1, 1994, the International Union cut off the weekly strike benefits paid to all striking members.

Internal Politics and the Creation of a New Joint Council

The political dealings and manipulations of the Carey Administration were manifested in virtually every aspect of the Union structure. One action that hit close to home was Carey's splitting of Joint Council 41, headquartered in Cleveland and the Joint Council of my Local Union, Local 407. The leadership of Joint Council 41 had widely been known as being anti-Carey. Members of Local Unions who had lost in the Joint Council 41 election of officers held in December, 1994, petitioned the International for the establishment of a new separate Joint Council of their own that was to be, in effect, "pieced" out of Joint Council 41.

The new Joint Council originally involved approximately nine (9) Local Unions. The Local Unions involved either had been or became staunch Carey supporters. The new Joint Council, known as Joint Council 1, was approved in January, 1996. The new Joint Council had no geographical integrity whatsoever. It simply included Local Unions that pulled away from Joint Council 41 located generally in Cleveland and northeastern Ohio. Its creation represented political gerrymandering of the worst kind while providing Carey with a power base in Ohio.

The action, of course, weakened Joint Council 41 and had the effect of destroying the unity of action of the Teamsters in the Cleveland area. It was political and retaliatory in every sense. The Locals that pulled out, did so on the basis generally of actions of their Executive Boards without membership votes. The majority of the Locals joining the new Joint Council violated their

own Bylaws, as approved by their memberships, which specified that the Local Union would be affiliated with Joint Council 41.

All of this was routinely approved, of course, by the Carey majority on the General Executive Board. Once again, Teamsters' unity was sacrificed on the alter of Carey's politics.

The 1996 International Convention

In terms of Union democracy, the International Convention chaired by General President Carey in Philadelphia, Pennsylvania (July, 1996) was an absolute atrocity. Even a casual, half-interested observer of the Convention would have recognized the high-handed tactics of Carey in the chairing of the Convention. His "quick gavel" forcing the seating of his hand-picked appointed delegates and then his subsequent filibustering of his own Convention, after he realized that the Hoffa delegates were still in the majority, was manifestly apparent and well documented. Carey's typical reaction was to turn loose the Union's public relations staff to characterize the outrage over his dictatorial tactics in the Convention Hall as being orchestrated by "Hoffa thugs".

However, any truthful observer of the situation knows that the gallery was filled with Teamster members, Teamster retirees and the families of members and retirees. When the message of what took place in this Convention was carried back to the membership throughout the country, it marked the beginning of the end of the Carey regime.

However, we cannot overlook and certainly cannot overemphasize the truly unconscionable and reprehensible action of the Chair

during that Convention. It involved a calculated and orchestrated effort to deny the rights, again, of the Elected Delegates to address union problems and issues. As a result, the Convention was never allowed the opportunity to address the financial crisis, the lack of a strike fund, or any of the other important issues of concern to the membership. As I mentioned earlier, the election of delegates by the membership for the purposes of conducting Convention business was, and will continue to be, an important element of the entire reform process. How Carey could have gotten away with this under the very noses of the Justice Department and the appointed Consent Decree officials, continues to bewilder me to this day. I cannot, and will not, believe that intelligent and supposedly well-intentioned people could have been so totally duped by a mere smokescreen of reform.

Dishonest Handling of Discipline

Due to the totally discriminatory and retaliatory application of internal union discipline by the Carey regime, I resigned from the IBT Ethical Practices Committee effective March, 1996. In a letter dated March 14, 1996, I announced my resignation and blasted Carey's political retaliation disguised as reform. Although this hearing today is not the time or place to detail these matters, I set forth in my March 14, 1996 letter of resignation from the Ethical Practices Committee, specific reasons and case results for my decision. Two (2) staunch Carey supporters and members of the International Executive Board, Tom Gilmartin and Diana Kilmury, had been found, by decisions of the IBT Elections Officer and by the Election Appeals Master, to have committed acts of improper

surveillance, coercion and intimidation of other members and opposition candidates. Particularly offensive was the fact that Vice President Gilmartin held the position of Chairman of the Ethical Practices Committee. Although similar actions of surveillance had lead to the suspension of other Teamster officers and members, the actions of Gilmartin and Kilmury went virtually unpunished.

By this time, for the reasons briefly set forth above, and for many, many other reasons based upon totality of the conduct of the Carey Administration, I had become totally and absolutely distanced from the Carey group. I believe my feelings in this regard were amply set forth in my March 14, 1996 letter of resignation from the Ethical Practices Committee. I stated:

Ron, in the beginning, I had faith and trust in you and the reform movement. I had hoped that the reform we campaigned so hard for would certainly include justice and fairness for all Teamsters, regardless of political affiliation. However, unfortunately, just the opposite has happened.

Ron, I have not fought for reform in the Teamsters Union for over 30 years, to now subvert or prostitute the principles I believe in.

My ideals, my morals and my reputation will not allow me to look the other way, as you and others in your administration have.

Actions of the IRB

I have for some period of time been an open critic of the actions of the Teamsters Independent Review Board ("IRB"). Again, although this is not the proper forum for a detailed development of my criticisms, I believe the IRB to have exercised preferential and

disparate treatment. The critics and opponents of Carey were targeted for investigation and punishment.

The mission of the Consent Decree was designed to attack organized crime, not to undermine internal union democracy or to provide any union administration with the power to pursue malicious prosecution of its enemies and become immune to any of its own wrongdoing.

I sincerely believe that my out-spoken criticisms of the IRB have made me a target. In a letter dated December 11, 1996, I was advised by Charles M. Carberry, Chief Investigator for the Independent Review Board that a sworn, in-person examination would be taken of me on December 23, 1996, pursuant to the authority set forth in the Consent Decree.

My sworn examination was taken on December 23, 1996 by an attorney from the Office of the Chief Investigator, and I was represented by legal counsel during the examination. Our greatest concerns and suspicions with regard to the purpose of this examination were more than confirmed as the examination progressed. The sole purpose of the examination, on the basis of the questions that were asked, was to probe deeply into my association with Gene Giacumbo, a former International Vice President and an extremely outspoken critic of the Carey Administration and the IRB. Although Mr. Giacumbo had been previously suspended, I knew of no decision or finding that had held Mr. Giacumbo to be a member of any organized crime family or any decision that had barred Mr. Giacumbo from associating with Teamster members. More importantly, I could not think of any conceivable reason why I shouldn't be able to associate with Gene, a person whom I respected and whom I had

befriended from our service together on the IBT General Executive Board. Gene had a long and respected history of supporting reform within the Union.

These objections were raised repeatedly during the examination, but the questions persisted to the point where I was questioned as to when the last time was that I had spoken with Mr. Giacumbo and whether I had, indeed, met with Mr. Giacumbo's counsel prior to one of Mr. Giacumbo's hearings at which I had testified on his behalf. I honestly and sincerely believe, unfortunately, that this examination by the IRB was for the purpose of giving me some sort of a message and to chill my right to criticize both the actions of the Carey Administration and those of the IRB itself.

Hope for the Future

I have to admit to you that I sit here today with a great deal of discomfort and concern. To me, the Government should never run a union. Further, Government intervention in the affairs of the Union does not, ever, in the long run, work to the benefit of the membership in my opinion.

Further, as a lifelong Democrat, and, also, a person who has devoted the better part of his life to this Union, I must confess that I am uneasy about appearing in front of a Congressional Committee, chaired by a Republican no less, and give testimony that may cause this Committee to delve even more deeply into the affairs of my Union.

However, from what I have seen, I wish to come forward and state my endorsement of these hearings. Too much has gone on in the past six (6) years and too many truly terrible things have

happened to this Union and its outspoken leaders for any of us to now stand silent. Although I have long been an advocate of reform in the Teamsters, I know also that this great Union has, too often, been unfairly characterized. Recently, we have suffered the worst of humiliations, where the anointed "reformers" of the Union have devastated the Union's treasury and seriously fractured its cohesiveness. Accordingly, hearings of the nature taking place today are absolutely necessary for a complete and total catharsis to take place. The membership must now fully know what happened to its money, who was responsible for the losses and why the Government monitors failed to take corrective action. Hopefully, the misdeeds of this regime will never, never be repeated.

In addition to the actions of the International officers themselves, it is clear that many mistakes and miscalculations were made by people supposedly overseeing the administration of this Union's affairs and purportedly acting for the good of the membership. Most certainly, the intrusion of the Government into the affairs of this Union has been a dismal failure.

I would hope that this Committee can focus upon and, perhaps, find answers to the following questions:

1. What happened to the \$20 million that was spent by the Government to provide Teamster members with a clean and fair election and how did it fail with all of the resources of the Federal Government?
2. What happened to approximately \$80 million of Teamsters dues money that was spent on maintaining and enforcing the Consent Decree?

3. What happened to approximately \$800 million of Teamsters dues money that was dissipated during the Carey Administration?

Finally, my purpose for coming here today lies with my hope that this process can somehow lead to the rightful return of this Union to its membership. We need to get back to the fact that labor unions are organizations that belong to their members, that they should be independent of employers, independent of organized crime and independent of political parties and, most certainly, must be independent of the Government and be free to express their members' interest through a democratic process. Union members must be free to determine the destiny of their union.

Thus far, I have seen both objectivity and honesty in this Committee's investigation of the travesty that has taken place. I can only ask that these hearings and this process continue with the integrity necessary to permit the Teamsters Union to get back on the right course.

This Committee, Congressman Hoekstra, must leave no stone unturned in finding the truth and telling the American people and hard-working Teamster members what happened to their money.

You, Mr. Chairman, are the last, best hope in achieving those goals!!

Respectfully submitted,

Dated: March 26, 1998

C. Sam Theodus